

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7329

BILL NUMBER: HB 1486

NOTE PREPARED: Jan 11, 2009

BILL AMENDED:

SUBJECT: Use of Proceeds from Sale of County Hospital.

FIRST AUTHOR: Rep. Soliday

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: This bill requires the proceeds of the sale of a county hospital to be donated to a charitable nonprofit community foundation established by the county fiscal body.

The bill provides that the members of the county fiscal body shall serve as the board of trustees of the Foundation.

The bill specifies certain conditions on the investment and use of the proceeds.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Community Foundation:* The bill would require the county fiscal body to establish a charitable nonprofit community foundation to hold the proceeds of a sale or lease of a county-owned hospital that is sold after December 31, 2006. The proceeds of the sale are to be held by the Foundation as a permanent endowment in trust for the benefit of the county. The bill specifies the conditions for investments and the maximum annual distributions from the endowment income. Money distributed to the county may be used only for one or more of the following purposes.

(1) Providing hospital care for the indigent.

- (2) Providing behavioral health care to indigent adults (over 18 years, under 125% FPL).
- (3) Adult education programs.
- (4) Property tax relief.
- (5) Economic development projects.

The bill specifies conditions under which the return of the endowment to the county general fund is required. It also specifies that none of the principal of the endowment may be distributed to the county unless the amount of the distribution and the use of the money is approved by a local referendum of the voters of the county. The bill outlines the process of the required referendum.

Details on Organization of the Foundation-

Board of Trustees: The bill requires that the members of the county fiscal body constitute the board of trustees of the Foundation. It specifies that when the member's term of office on the county fiscal body expires, the board appointment also expires.

Advisory Boards: The county executive is required to appoint five separate citizens' advisory boards to develop expenditure plans for each of the five permitted uses of the distributions permitted from the endowment. Each advisory board is to have five members required to be residents of the county with expertise in the subjects for which money is permitted to be used. Advisory board members are to serve a term of four years.

State Agencies Affected:

Local Agencies Affected: Counties that sell a county-owned hospital.

Information Sources:

Fiscal Analyst: Kathy Norris, 317-234-1360.